

FISCAL NOTE
SJR 8
SECOND EXTRAORDINARY SESSION

November 4, 1999

SUMMARY OF BILL: (1) Proposes to amend Article II of the Constitution of Tennessee to provide that the General Assembly shall have no power to levy a tax on income of more than 4% of adjusted gross income and if the General Assembly does impose such a tax, the state shall not be permitted to levy a tax, fee or any other surcharge on the purchase of unprepared food for human consumption, residential utilities, residential water, basic residential communications services, and both prescription and non-prescription drugs; and (2) Requires that the foregoing amendment be referred to the 102nd General Assembly and be published by the Secretary of State in accordance with Article XI, Section 3 of the Constitution of Tennessee.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$20,000 One-Time

Assumes a cost of \$20,000 to the Secretary of State to print notice of the proposed amendment in certain newspapers as required by this resolution.

For information purposes, the following should be noted:

1. This amendment, if adopted, will be referred to the 102nd General Assembly and require action by that body before this issue can be submitted to the people for a vote.
2. A one percent tax on income is estimated to generate net state revenues in excess of \$650,000,000. Any amounts generated would be dependent on exemption levels and deductions established.
3. Currently, taxes and fees levied on unprepared food for human consumption, residential utilities, residential water, basic residential communications services and non-prescription drugs exceed \$500,000,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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James A. Davenport, Executive Director

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